

Message Text

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ORIGIN OPIC-12

INFO OCT-01 NEA-14 ISO-00 EB-11 L-03 AID-20 IGA-02 SSO-00

NSCE-00 SP-03 NSC-07 CIEP-02 TRSE-00 SS-20 STR-08

OMB-01 CEA-02 INRE-00 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 XMB-07 LAB-06 SIL-01 SAM-01 H-03 PRS-01 PA-04

USIE-00 (ISO) R

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FM SECSTATE WASHDC

TO AMEMBASSY CAIRO IMMEDIATE

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E.O. 11652: N/A

TAGS: E/FIN

SUBJECT: RESPONSE TO FAHMY RE INVESTMENT GUARANTY PROGRAM

REF: (A) CAIRO 4657 (B) STATE 140367 (C) CAIRO 4751

1. FORMAL NOTE EXCHANGE REACTIVATING OPIC PROGRAM IN EGYPT
WILL BE AUTHORIZED WHEN DETERMINATION CAN BE MADE THAT REQUIRE-
MENTS 620(E) OF THE 1961 FAA, AS AMENDED (HICKENLOOPER AMEND-
MENT) ARE BEING SATISFIED AND WAIVER MADE SEC. 620(P).

(CURRENT REVIEW OF CASES INDICATES SECTIONS 620(C) AND (Q)
DO NOT ARISE). IN ABSENCE OF ACTUAL PAYMENTS OF ADEQUATE

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COMPENSATION TO U.S. CLAIMANTS, REQUISITE DETERMINATION WILL

BE CONSIDERED HERE ON BASIS OF ASSURANCE BY FOREIGN MINISTER OR HIGHER GOE OFFICIAL THAT THE ARAB REPUBLIC OF EGYPT IS PREPARED TO SETTLE AND PAY ADEQUATE, PROMPT, AND EFFECTIVE COMPENSATION ON OUTSTANDING VALID CLAIMS OF U.S. NATIONALS, AND THAT (A) EITHER BOTH GOVERNMENTS HAVE AGREED TO RESUME NEGOTIATIONS ON AGREED DATE, OR (B) BOTH GOVERNMENTS HAVE AGREED TO ESTABLISH A JOINT US/GOE COMMITTEE TO PROCESS THESE CLAIMS, WHICH WILL MEET AT AN AGREED EARLIEST POSSIBLE DATE. SEPARATE MESSAGE WILL PROVIDE DEPARTMENT'S ADDITIONAL COMMENTS ON STATUS OF CLAIMS OF U.S. NATIONALS FOR RESPONSE TO DEPUTY PRIME MINISTER AS REQUESTED PARA 5 REF (C).

2. MEANWHILE, POSITIVE TONE OF FAHMY'S LETTER SHOULD BE RECIPROCATED AND FORWARD MOMENTUM MAINTAINED. REPLY ALONG FOLLOWING LINES SUGGESTED: QUOTE: USG WELCOMES GOE'S ACTIONS OUTLINED IN FOREIGN MINISTER'S LETTER TO ENCOURAGE AND FACILITATE PARTICIPATION BY PRIVATE U.S. CAPITAL AND TECHNOLOGY IN EGYPT'S DEVELOPMENT. U.S. COMPANIES AND FIRMS CAN MAKE IMPORTANT CONTRIBUTIONS TO THIS OBJECTIVE. USG SHARES GOE'S INTENTION TO RESUME COOPERATION UNDER INVESTMENT GUARANTY AGREEMENT OF 1963. A FORMAL NOTE EXCHANGE ACCOMPLISHING REACTIVATION OF PROGRAM OF PRIVATE INVESTMENT INCENTIVES, ADMINISTERED BY OVERSEAS PRIVATE INVESTMENT CORPORATION, WILL BE PROPOSED AS SOON AS CERTAIN LEGAL REQUIREMENTS GOVERNING THIS PROGRAM CAN BE SATISFIED.

REQUOTE: OPIC WISHES TO PROCEED WITHOUT UNDUE DELAY IN ASSEMBLING INFORMATION ON EGYPTIAN INVESTMENT LAWS, POLICIES AND PRIORITIES AND ON CURRENT INVESTMENT OPPORTUNITIES FOR USE IN OPIC PUBLICATIONS AND CONFERENCES DESIGNED TO PROMOTE U.S. PRIVATE INVESTOR INTEREST IN APPROPRIATE SECTORS AND FORMS OF INVESTMENT IN EGYPT. OPIC ALSO WISHES TO WORK OUT PROCEDURES WITH GOE FOR PROCESSING REQUESTS FOR GOE APPROVALS OF PROPOSED U.S. INVESTMENTS AND CONTRACTS UNDER OPIC PROGRAM AGREEMENT. TO THESE ENDS, SEVERAL OPIC OFFICIALS WILL VISIT CAIRO IN LATTER PART OF AUGUST OR IN SEPTEMBER IF THIS WILL BE CONVENIENT FOR GOE.

REQUOTE: WE ARE CONFIDENT THAT USG THROUGH SELECTIVE ENCOURAGEMENT OF U.S. PRIVATE PARTICIPATION CAN BE OF PRACTICAL ASSIST-LIMITED OFFICIAL USE

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TANCE TO EGYPT'S DEVELOPMENT PROGRAM. UNQUOTE

3. IN ORDER TO EVIDENCE FORWARD MOVEMENT DURING SECRETARY SIMON'S VISIT, THE NOTE EXCHANGE REACTIVATING OPIC PROGRAMS MIGHT BE MADE DURING THAT VISIT IF AMBASSADOR IS ABLE TO OBTAIN EGYPTIAN GOVERNMENT AGREEMENT TO EITHER COMMITMENT RE CLAIMS SETTLEMENT STATED PARA 1 AND IF THE DETERMINATION UNDER SECTION 620(P) CAN BE OBTAINED HERE IN TIME. WE WILL

PROCEED URGENTLY TO PROCESS THE DETERMINATION AND PROVIDE
EMBASSY DRAFT TEXT OF NOTE EXCHANGE. SISCO

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC GROWTH, FOREIGN INVESTMENTS, INVESTMENT GUARANTEES, INVESTMENT PROGRAMS, BUSINESS FIRMS, DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: martinml
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE146298
Document Source: CORE
Document Unique ID: 00
Drafter: RUTHERFORD M. POATS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740180-1125
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740768/aaaacyx.tel
Line Count: 117
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) CAIRO 4657 (B) STATE 140367 (C), CAIRO 4751
Review Action: RELEASED, APPROVED
Review Authority: martinml
Review Comment: n/a
Review Content Flags:
Review Date: 13 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Aug-2002 by shawdg>; APPROVED <19 FEB 2003 by martinml>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RESPONSE TO FAHMY RE INVESTMENT GUARANTY PROGRAM
TAGS: EFIN, EG
To: CAIRO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005